

Message Text

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SUBJ: EXPROPRIATED US PROPERTY IN ETHIOPIA

REF: ADDIS ABABA 11090

1. ADRIAN MAK, FORMER GENERAL MANAGER HAVA-ETHIOPIA AND CURRENTLY GENERAL MANAGER OF HVA PARENT COMPANY IN HALLAND, CALLED ON ECON/COMM COUNSELOR TO DISCUSS RECENT DEVELOPMENTS RE COMPENSATION FOR NATIONALIZED BUSINESSES. FYI HVA ETHIOPIA, THE ONLY SUGAR PRODUCING COMPANY IN ETHIOPIA, IS THE LARGEST FOREIGN (DUTCH) INVESTMENT HERE, THE EPMG TOOK MAJORITY OWNERSHIP IN FEBRUARY 1975. END FYI. MAK TALKED TO BILILGN MANDEFRO, CHAIRMAN OF THE COMPENSATION COMMISSION, AND THREE OF THE FOUR OTHER COMMISSION MEMBERS LAST WEEK. BILILGN STATED THAT THE COMMISSION HAD ALMOST COMPLETED ITS INTERNAL RULES OF PROCEDURE AND WAS NOW BEGINNING TO WORK ON ESTABLISHMENT OF PRIORITIES FOR DETERMINING THE ORDER IN WHICH THE COMMISSION WILL NEGOTIATE WITH INDIVIDUAL FIRMS. BILILGN WOULD NOT DISCUSS THE COMMISSION'S RULES OF PROCEDURE NOR WOULD HE SPECULATE ON WHEN THE COMMISSION WOULD PUBLICLY ANNOUNCE THAT CLAIMS SHOULD BE SUBMITTED AND NEGOTIATIONS BEGIN.

2. MAK CAME TO ADDIS TO NEGOTIATE A TECHNICAL SERVICES CONTRACT WITH THE MINISTRY OF NATIONAL RESOURCES DEVELOPMENT (MHRD). THE NEGOTIATIONS HAVE BEEN VERY DIFFICULT WITH THE MINISTRY

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CHALLENGING ALMOST ALL PROVISIONS OF THE DRAFT AGREEMENT MAK

SUBMITTED. NEVERTHELESS, MAK HOPES TO SIGN THE AGREEMENT OCT. 29. THE AGREEMENT INVOLVES PROVIDING SOME 30 EXPATRIATE TECHNICIANS, MOST OF WHOM WILL BE WORKING AT THE WONJI AND METAHARA SUGAR ESTATES.

3. MAK MENTIONED IN CONFIDENCE THAT THE DUTCH GOVERNMENT HAD ALLOCATED APPROXIMATELY US\$10 MILLION FOR A "SPECIAL" DEVELOPMENT PROGRAM FOR ETHIOPIA WHICH IS TO BE MADE AVAILABLE IF AN AGREEMENT ON COMPENSATION CAN BE REACHED. THIS PROGRAM WOULD BE IN ADDITION TO THE NORMAL DUTCH ASSISTANCE PROGRAM AND IN EFFECT AMOUNTS TO FUNDING THE COST OF COMPENSATION ALTHOUGH MAK INDICATED THAT THE VALUE OF THE COMPANY WAS GREATER THAN US\$ 10 MILLION. BOTH THE DUTCH AMBASSADOR AND MAK HAVE DISCUSSED THIS MATTER WITH WOLLIE CHEKOL, HEAD OF THE ECONOMICS DEPT, MOFA BUT THUS FAR NO PROGRESS HAS BEEN MADE. MAK IS CONCERNED BECAUSE THE FUNDS WILL NOT BE AVAILABLE AFTER THE END OF THE DUTCH FISCAL YEAR, I.E. DEC 31, 1976 AND IS ANNOYED THAT EPMG OFFICIALS APPEAR UNINTERESTED IN USING THIS APPROACH TO WORK OUT A SOLUTION TO COMPENSATION.

4. COMMENT: MAK, NEVER AN OPTIMISTIC OBSERVER OF THE ETHIOPIAN SCENE, IS EVEN MORE SKEPTICAL THAN BEFORE REGARDING THE POSSIBILITY OF ADEQUATE AND TIMELY COMPENSATION, ALTHOUGH HE WAS SOMEWHAT ENCOURAGED THAT THE COMMISSION AT LEAST CLAIMS TO HAVE MOVED FORWARD ON ESTABLISHING ITS RULES OF PROCEDURE. HE WAS ALSO ANNOYED BY THE RATHER SLOW PACE OF THE NEGOTIATIONS FOR THE TECHNICAL SERVICE CONTRACT WHICH LARGELY RELATED TO POLITICAL/ECONOMIC RATHER THAN TECHNICAL ISSUES; SALARY, ALLOWANCES AND RELATED MATTERS CONSUMED DISPROPORTIONATE AMMOUNTS OF TIME. THE ETHIOPIAN NEGOTIATOR TESFAYE DINKEA, PERMANENT SECRETARY AND ACTING MINISTER, MNRD HAD TO REFER CONSTANTLY TO THE PMAC FOR GUIDANCE DURING THE NEGOTIATIONS.

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